

Message Text

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73

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 FEA-01 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 /099 W

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R 152015Z JUL 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 6976

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION IAEA VIENNA

ERDA GERMANTOWN MD

NRC BETHESDA MD

AMCONSUL WINNIPEG

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E.O. 11652: N/A

TAGS: ENRG, EMIN, TECH, CA, GW, EEC

SUBJ: CANADIAN-GERMAN COOPERATION IN URANIUM MINING

REF: BONN 10440

RESPONDING TO THE REQUEST FOR OUR COMMENTS CONTAINED IN
PARA 4 REFTEL, THE FOLLOWING INFORMATION MAY BE HELPFUL:

A. THE RABBIT LAKE DEVELOPMENT IS SOMEWHAT UNUSUAL IN THAT
IT APPEARS TO BE A WELL DEFINED DEPOSIT AND NO ADDITIONAL
SHOWINGS OR EXTENSIONS OF THE PRINCIPAL ORE BODY HAVE BEEN
FOUND TO DATE. RESERVES AND QUALITY AS OUTLINED IN PARA 3
REFTEL GENERALLY ACCORD WITH INFORMATION AVAILABLE HERE.

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B. OWNERSHIP DATA CONTAINED IN PARA 2 REFTEL ALSO ACCORDS WITH INFORMATION AVAILABLE HERE. N. M. EDIGER (SEE OTTAWA A-73, DATED FEB 6, 1975) THE NEW PRESIDENT OF ELDORADO, CAME TO ELDORADO FROM GULF MINERALS CANADA LTD., ONE OF THE PARTICIPATING COMPANIES, AND WAS FULLY INFORMED ON GERMAN PARTICIPATION AS OF THE TIME HE LEFT GULF IN SEPT 1974.

C. EXTRACTION WILL BE BY OPEN PIT TECHNIQUES WITH AN ACID LEACH PROCESS IN THE MILL. FACILITIES ARE BEING DESIGNED WITH A 10-15-YEAR LIFETIME IN VIEW. THERE IS NO RPT NOT TOWN SITE AT THE REMOTE LOCATION AND THE LABOR FORCE OPERATES ON A 7-DAYS-IN AND A 7-DAYS-OUT BASIS WHICH HAS GIVEN RISE TO A NUMBER OF LOGISTIC AND LABOR PROBLEMS. THE PRINCIPAL PART OF THE LABOR FORCE HAS TO BE FERRIED OUT TO EITHER SASKATOON OR PRINCE ALBERT, BUT IN RESPONSE TO GUIDELINES FROM THE DEPT OF INDIAN AFFAIRS, A CONCERTED EFFORT HAS BEEN MADE TO HIRE NATIVE LABOR. THIS HAS RESULTED IN AN EXTENSIVE SMALL PLANE FERRY SERVICE FROM THE MINE SITE, WHICH IS REMOTE, TO NUMEROUS SMALLER REMOTE SITES TO DROP OFF AND PICK UP NATIVE LABOR. ALTHOUGH THE SERVICE APPEARS TO BE AS GOOD AS COULD BE EXPECTED GIVEN THE CIRCUMSTANCES, IT HAS NONETHELESS RESULTED IN A CONSIDERABLE NUMBER OF GRIEVANCES AND PERHAPS EXASPERBATED OTHER LABOR PROBLEMS TO THE POINT THAT IT IS RELIABLY REPORTED THAT MANAGEMENT IS CONCERNED ABOUT THEIR ABILITY TO MEET ESTIMATED PRODUCTION RATES.

D. LAST SENTENCE PARA 2 REFTEL NOT CLEAR TO US. THAT PART OF LAST YEAR'S FOREIGN INVESTMENT REVIEW ACT WHICH HAS BEEN PUT INTO FORCE REQUIRES OFFICIAL SCREENING OF TAKEOVERS BY FOREIGNERS OF EXISTING CANADIAN ENTERPRISES TO ENSURE THAT TAKEOVER WILL BRING "SIGNIFICANT BENEFIT" TO CANADA. ACT DOES NOT PRESCRIBE ALLOWABLE PERCENTAGES OF FOREIGN OWNERSHIP. PERHAPS WHAT HANDELSBLATT HAS IN MIND IS MINISTERIAL STATEMENTS IN PAST (BUT NOT YET LAW) THAT 51 PERCENT OF NATURAL RESOURCE INDUSTRIES SHOULD DESIRABLY BE IN CANADIAN HANDS. JOHNSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MINING, POLICIES, URANIUM, COMMITTEES, VISITS, INTERGOVERNMENTAL COOPERATION
Control Number: n/a
Copy: SINGLE
Draft Date: 15 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OTTAWA02649
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750244-0972
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750755/aaaabxft.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 BONN 10440
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 01 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 APR 2003 by Izenbei0>; APPROVED <22 SEP 2003 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CANADIAN-GERMAN COOPERATION IN URANIUM MINING
TAGS: ENRG, EMIN, TECH, CA, GE, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006